

SURREBUTTAL EXHIBIT SWH-4

SC Office of Regulatory Staff
Fifty-Fifth Audit Request
Item No. 55-4
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DUKE ENERGY CAROLINAS

Request:

55-4 Could you please elaborate on the “potential insurance recovery for coal ash” included in the explanations for legal expenditures?

Response:

The term “potential” was used because recovery under the insurance policies is not guaranteed. We are currently litigating the question of whether DEC and DEP are entitled to coverage under the relevant policies. If we achieve successful settlements or court decisions in these cases it could mean millions of dollars of coal ash costs would be paid for under the policies versus being paid for by customers. Any net benefit from proceeds from the cases would go directly to offset coal ash costs for the benefit of customers; however, we cannot say at this time when this matter will be resolved.